Onion imports set to resume on Sunday

Our Correspondent, *Dinajpur*

Onion import through the Hili Land Port in Dinajpur and other ports of the country are set to resume on Sunday, more than five months after India suspended exports of the kitchen staple due to soaring prices in domestic markets.

The prices of the essential cooking ingredient rose sharply in India following a shortage in supply, prompting the neighbouring nation to halt exports to meet domestic demand. The cascade effect left consumers in Bangladesh hard pressed to afford the product.

India finally lifted the restriction on onion exports on February 26, said numerous Hili Land Port traders.

Many traders then sent applications to the Plant Quarantine Centre in Hakimpur upazila of Dinajpur, seeking permission to import 25,000 tonnes of onion, according to officials of the Department of Agriculture extension.

However, the Plant Quarantine Centre has allowed the import of only 8,000 tonnes of onion.

"The first consignment of 8,000 tonnes should arrive through the Hili Land Port on Sunday if conditions remain favourable," said Mobarak Hossain, an importer.

Only five traders, who filed their applications at the end of February, received Import Permission (IP) for onion, he added.

Many importers who filed IP applications in March are yet to receive permission from the ministry, said Harun Ur Rashid, president of the Importers and Exporters Group at Hili Land Port.

IPs are issued from Dhaka after importers file applications online. Once the go-ahead is given, the traders must inspect the onion before it is imported.

"After ensuring that the onion is suitable for import, the product is sent to the land port," he said.

Meanwhile, the market price of locally grown onion witnessed a drop when news began to spread that India would resume exports to Bangladesh in early March.

The price per kilogram of locally grown onions dropped to Tk 20 in the last seven days.

However, India's decision has left local farmers slightly concerned.

Local farmers are always deprived of fair prices as consumers opt for imported onions and this year was no exception, said Ramzan Ali, an onion farmer of Ghugudanga village under Dinajpur Sadar upazilla.

"Onion growers will benefit the most if imports resume halfway through the year," he said, adding that he hopes the government would consider the appeal.

Abdur Rahman Khan appointed chair of a CAPA committee

Star Business Report

The Confederation of Asian and Pacific Accountants (CAPA), which represents 33 national accountancy organisations in the Asia-Pacific region, has appointed the chair for its Public Sector Financial Management Committee (PSFMC) from Bangladesh.

Md Abdur Rahman Khan

Md Abdur Rahman Khan, a cost and management accountant, has been appointed as chair of the 10-member committee for four years, according to a document.

The PSFMC will provide input and recommendations to the Board regarding strategies and activities for CAPA in respect to public sector financial management matters.

Khan is a council member of the Institute of Cost and Management Accountants of Bangladesh. He is currently working as a joint secretary of finance division under the finance ministry.

The other members of CAPA's PSFMC committee are from the UK, India, Mongolia, New Zealand, Nepal, Sri Lanka and Pakistan.

Booking frenzy sends tanker rates soaring

Reuters, *Singapore*

The cost to transport oil on supertankers soared on Thursday as major producers scrambled to secure vessels to ship more crude in a bid to regain market share and buyers took advantage of plunging oil prices.

Freight charges to ship oil in very large crude carriers (VLCCs) from the Middle East, which is home to the largest OPEC producers, to China, the world's top crude oil importer, nearly doubled overnight.

VLCC tanker rates along the busy Middle East Gulf to China route jumped to about $160,000-$180,000 per day on Thursday, up from about $70,000-$100,000 per day on Wednesday, according to several ship broking sources.

Only a month ago, the same rate was about $20,000-$30,000 per day, the sources said.

"The sheer scale of the activity has taken many by surprise," said one ship broker, who declined to be named due to company policy.

The frenzy comes after a deal on supply cuts between the Organization of the Petroleum Exporting Countries and its allies, including Russia, collapsed. Saudi Arabia and the United Arab Emirates both said they would ramp up supplies, hammering oil prices already weakened by the coronavirus outbreak.

At least 13 VLCC tankers were provisionally booked to load crude oil from the Middle East to Asia on Wednesday, after 19 ships were provisionally booked on Tuesday, the sources said.

This compared with about 4 to 5 bookings a day made in the same period last month.

Such is the demand that Saudi Aramco on Thursday rejected at least three Asian refiners' requests for additional April-loading crude oil despite its pledge to ramp up supplies. Crude prices have fallen more than 50% from January highs, raising expectations that some oil could go into storage on tankers.

But soaring rates and tumbling demand for fuel due to coronavirus mean that it makes less economic sense to store the growing supply of oil on supertankers, shipping sources said.

"In this weak demand environment, we are very close to levels where the current freight rates become unsustainable, if they aren't already," the ship broker said.

Saudi Arabia's National Shipping firm, Bahri, this week tentatively chartered up to 19 supertankers to ship crude oil to customers worldwide. Six of the vessels are set to take about 12 million barrels of Saudi crude to the United States, according to data and sources.

The bookings by Bahri are in addition to its own fleet of 42 VLCCs, the sources said.

Singapore PM: virus hit to economy likely worse than 2008 crisis

Reuters, *Singapore*

Singapore's prime minister warned on Saturday that the negative economic effects of the coronavirus outbreak will likely be deeper and more prolonged than the 2008 financial crisis.

"The economic hit will likely be more serious than the global financial crisis, and longer-lasting too, even beyond the end of the pandemic," Lee Hsien Loong said in a Facebook post. He said the pandemic will likely last at least this year, and possibly longer.

With 200 infections, the Asian travel hub has signalled that there is a chance of a recession this year and has cut its growth forecasts.

Lee's comments came a day after Singapore revised its electoral boundaries, in a move usually seen as a precursor to calling a vote.

Singapore must hold elections by early 2021. Before the virus hit the Asian city-state late in January, the government had been expected to call a vote within a few months.

Remittance was cruising. Then COVID-19 popped up and made it swerve.

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"Remittance, which is the only one positive indicator in our economy, has now started to feel the pinch. This is highly frustrating."

The situation may get worse in the coming days, but there is no remedy right now to tackle the state of affairs, said Rahman, also the immediate past chairman of the Association of Bankers, Bangladesh, a forum of managing directors of banks.

The lower remittance will not hit the banking sector immediately given the declining trend of import, he said, adding that problem will be created once imports pick up.

The government should increase the 2 percent cash incentive on a short-term basis to help the remittance receivers, said Md Arfan Ali, managing director of Bank Asia.

According to Bangladesh's Wage Earners' Welfare Board, there are some 1.20 crore Bangladeshis working across the globe.

SAMSUNG

Seungwon Youn, managing director of Samsung Bangladesh, poses at a programme at its Dhaka office recently. Samsung signed Bengal Meat, Igloo, Shohoz, Gowala, Romoni and Secret Recipe as affiliated partners, which will give special discounts to the customers with the purchase of every Samsung product. The ongoing campaign will end on April 5.

Daimler, Conti postpone investor meet over virus

AFP, *Frankfurt Am Main*

German carmaker Daimler and auto parts supplier Continental said Friday they would delay their annual shareholder meetings, bowing to a ban on large gatherings to contain the spread of the coronavirus.

Mercedes-Benz maker Daimler said its April 1 event would be postponed "to a later date in 2020".

"This will inevitably lead to a corresponding postponement of the resolution on the allocation of profit and of the dividend payment," it warned.

Continental said its investor pow wow on April 30 was cancelled and a new date "will be communicated in due course".

"As much as we regret postponing our shareholders' meeting, we fully support the efforts of the authorities to contain the spread of the coronavirus," Continental's chief executive Elmar Degenhart said.

All of Germany's 16 federal states have banned large public gatherings, with further decisions following Friday to close schools and shut care homes to visitors in a bid to slow the virus.

The infection control measures could squeeze sharply the timeframe available to many companies for their annual meetings.

Under German law, they must take place within eight months of the start of firms' financial year. Degenhart said in Continental's view "it makes sense to hold shareholders' meetings online" in the future.

But lawyer Sven Erwin Hemeling of the German Shares Institute told AFP "German company law requires a general assembly in person." The delay means critical business steps requiring investor approval -- like Continental's plan to float powertrain unit Vitesco -- will have to mark time until a vote can take place.

"Upon securing these approvals, Continental will strive for an implementation of the spin-off and the subsequent (stock market) listing as soon as possible," the company said.

Other companies listed on Germany's DAX index have told AFP shareholder meetings planned for the coming months would go ahead as planned.

Coronavirus fears leave hotels as ghost towns

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The 200-room Radisson Blu Dhaka currently boasts a 45 per cent occupancy rate. Usually, the hotel witnesses an average occupancy rate of 80 per cent this time of the year, he added.

Meanwhile, the Radisson Blu Chattogram's occupancy rate is now just 30 per cent.

The somewhat dire situation for the hotel industry may continue as flight frequency of both domestic and international airlines have dropped significantly.

"Qatar and Turkish airlines' crew members regularly stay at our hotel in Dhaka. However, this almost never happens anymore because of all the flight cancellations," Bari said.

He also urged the government to provide cash incentives and slash the VAT and supplementary duties to help the country's hospitality sector stay afloat.

The global travel sector is expected to lose about $820 billion in revenue, according to a Global Business Travel Association survey that was published on Tuesday.

The Six Seasons Hotel, which has 85 rooms that are mainly reserved for foreign clients, already lost Tk 1.5 crore since the outbreak began.

"Most of our guests come from China, Japan and Italy and these countries are the worst hit by coronavirus," said Md Al Amin, general manager of the hotel, adding that the business will suffer the most between March and June.

The occupancy rate at Amari Dhaka sank to just 10 per cent, said its chairman Ashok Kejriwal.

Kejriwal believes that the business will not recover until August due to the upcoming Eid festivals as few foreign guests visit the country during that time.

"The impact of the virus will only add to the woes."

The hotel regularly provides lodgings for Air Arabia crew members. However, that too has been on hold at the 134-room hotel due to the epidemic.

Occupancy rates at Le Méridien Dhaka have dropped from 90-95 per cent to about 60 per cent, according to officials of the hotel, which has 304 rooms.

Flight crews of Saudi Arabian Airlines, Kuwait Airways and Emirates regularly stayed at the hotel but after the coronavirus outbreak, almost all the airlines cancelled their bookings as there were fewer flights going in or out.

"Since the virus is spreading all over the globe, business at the Dhaka Regency Hotel & Resort is deteriorating," said Shahid Hamid, executive director of the hotel.

The occupancy rate at the 220-room hotel is now at 30 per cent, he added.

If the virus continues to spread, it will force the hotel industry to cut down on jobs, according to industry leaders.

"When hotel owners will have to pay staff wages for the month of March, they will face a harsh reality. I don't know how they will pay the wages without cutting down on workers," said HM Hakim Ali, president of the Bangladesh International Hotel Association.

All is well on the apparel export front

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At the time of writing, Italy is in lockdown, and the Spain, the second most affected country, is considering following suit, too.

Meanwhile, China, where the virus originated from and the apparel sector's source for 46 per cent of the raw materials, has got the novel virus under control and is on course to restarting production.

"Things are improving in the supply chain with China," said Kabir Ahmed, president of Bangladesh Freight Forwarders Association (BAFFA).

For instance, normally some 550 tonnes of cargoes are unloaded in a day at the Hazrat Shahjalal International Airport.

However, the quantity declined to nearly 250 tonnes a day in February, when coronavirus was at its peak in China.

But, over the last two days, nearly 300 tonnes of cargoes have been unloaded a day.

"This means, normalcy is being restored in China," he added.

In fiscal 2018-19, $5.02 billion worth of textiles were brought in from China. "Nobody complained of any disruption in the supply chain as of now," said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association.

The association's members import machinery, cotton, dyes chemicals and other industrial raw materials mainly from China.

Besides, most of the international clothing retailers and brands have extended the period of execution of work orders for two weeks due to the virus, according to Kyaw Sein Thay Dolly, managing director of Cloths "R" US, a garment buying house in Dhaka.

Meanwhile, Hong Kong-based QIMA, a leading provider of supply chain compliance solutions and which partners with brands, retailers and importers to secure, manage and optimise their global supply network, surveyed the executives of more than 200 globally renowned companies between February and early March and found that Bangladesh stands to benefit from the fallout of the coronavirus.

The reason being, most of the globally renowned companies are planning to shift their work orders from China to other Asian countries, including Bangladesh.

India increases fuel taxes in a bid to shore up revenue

Reuters, *New Delhi*

India on Saturday increased taxes on petrol and diesel in a desperate attempt to increase government revenue at a time when tax collections have fallen amid the weakest economic growth in over six years, with the coronavirus impact yet to come.

The excise duties on the fuels, which have been hiked by 3 rupees per litre, is expected to result in up to 400 billion Indian rupees ($5.42 billion) increase in annual revenue, a senior government official told Reuters.

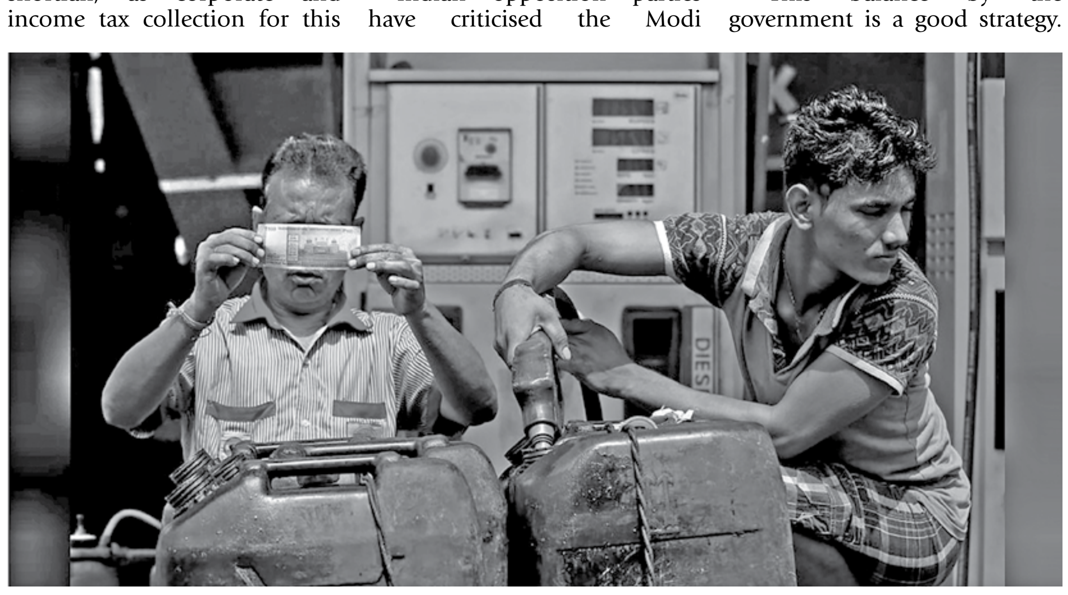
Taxes on petrol and diesel, which account for more than a third of retail fuel prices, are one of the biggest sources of income for Prime Minister Narendra Modi's government, which has more than tripled revenue from taxes on fuel since first coming to power in 2014.

The excise duties on petrol and diesel contributed nearly 1,420.3 billion rupees ($19.24 billion), or nearly 11 percent of total tax revenue for the year ended March 2019.

The move comes at a time when India is staring at the highest ever tax collection shortfall, as corporate and income tax collection for this fiscal year is set to fall for the first time in at least two decades and the goods and services tax revenue could see a gaping shortfall.

Indian opposition parties have criticised the Modi government for their high fuel tax policy amid a decline in rural consumption, but economists have praised the move as fiscally prudent.

"This balance by the government is a good strategy. This also helps the state shore up some revenue for other useful expenditures," said NR Bhanumurthy, economist at the government-backed National Institute of Public Finance and Policy in New Delhi.



REUTERS/FILE

A worker checks a 500 rupee note as a man fills diesel in containers at a fuel station in Kolkata.

India stopped controlling petrol prices in 2010 and diesel prices in 2014, linking them to global crude markets in a bid to ease pressure on government finances and improve the earnings of oil refiners.

Global oil prices posted their biggest week of losses since the 2008 global financial crisis, rocked by the coronavirus outbreak and efforts by top exporter Saudi Arabia and its allies to flood the market with record levels of supply.

The national hike translates to a 4.8 per cent increase in diesel prices, and a 4.3 per cent hike in petrol prices in India's capital New Delhi, compared with Friday's prices. Petrol was sold at 70 rupees a litre, while diesel was sold at 62.74 a litre on March 13.